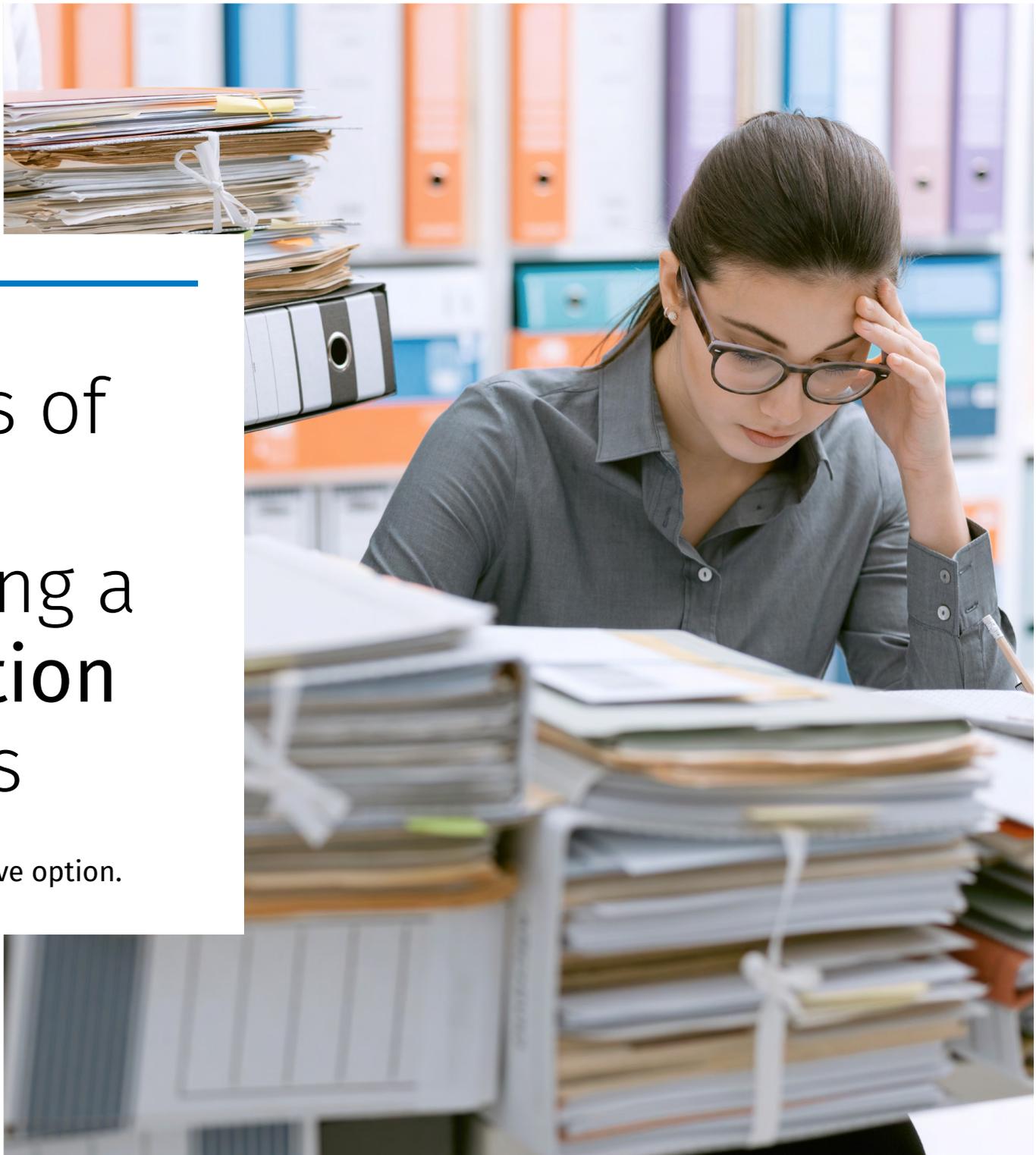


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# CCH® Tagetik Four hidden costs of manufacturing organisations using a legacy **consolidation** and **close** process

Why standing still could be your most expensive option.



**CCH® Tagetik**  
by Wolters Kluwer





**For many companies, consolidation is a process that simply exists. It's manageable if a little long-winded, was implemented years ago and, just as we might be thinking there's a better way, we need to move on to something more pressing. We rarely consider how we would benefit from refining it.**

**Manufacturing companies have the added complexity of needing operational data often held in disparate systems.**

While delaying an upgrade may just mean you're avoiding the inevitable, something more worrisome could be at play; sticking with an inefficient system could be symptomatic of a Finance team so stuck in the trenches it jeopardises the company.

In this whitepaper, we explain how traditional consolidation and reporting is no longer applicable to today's manufacturers and why an end-to-end, automated strategy is the key to unlocking Finance's insight-generating potential.

**Learn:**

- The indicators of a costly consolidation process
- Why we ignore mission-critical consolidation updates
- Four cost drains of legacy consolidation systems
- How to evolve financial close and consolidation with automation.

## Indicators of a costly consolidation process

How do you know if your process is leaking resources? If you're reading this, chances are you already have an inkling something is amiss.

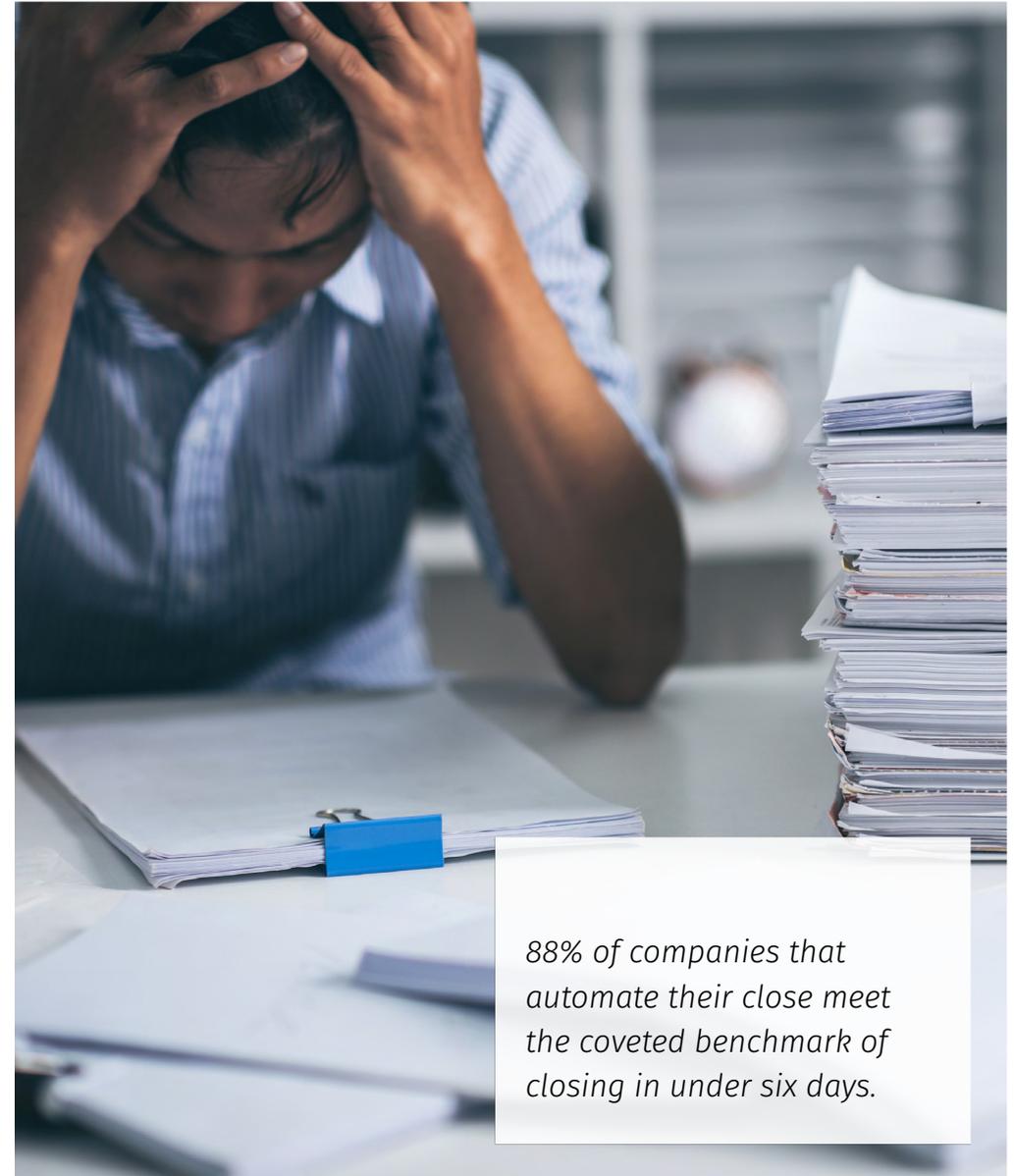
### Have you experienced:

- Late nights at the office during your financial close
- Extremely slow data processing
- An inability to update the system to incorporate the latest organisational change or rely on IT to do it for you
- Additional spreadsheets to consolidate volumes, orders and other analysis
- Limited visibility by region, product groups and other analysis
- A low level of data quality and an increasing risk of errors
- An inability to fulfil your role as a business partner because you're overwhelmed with menial tasks, lack transparency and analytic tools.

### Four indicators your process is ailing:

1. Your monthly or quarterly close takes longer than six days.
2. No analysis by product, plant or customer groups.
3. Your system requires high levels of customisation for allocations, FX/currency conversions, intercompany eliminations or M&A.
4. Your process is split across different point solutions. E.g. one solution for account reconciliation, one for local close, one for group consolidation, reporting, disclosure, iXBRL, planning and by specific regulatory requirement.

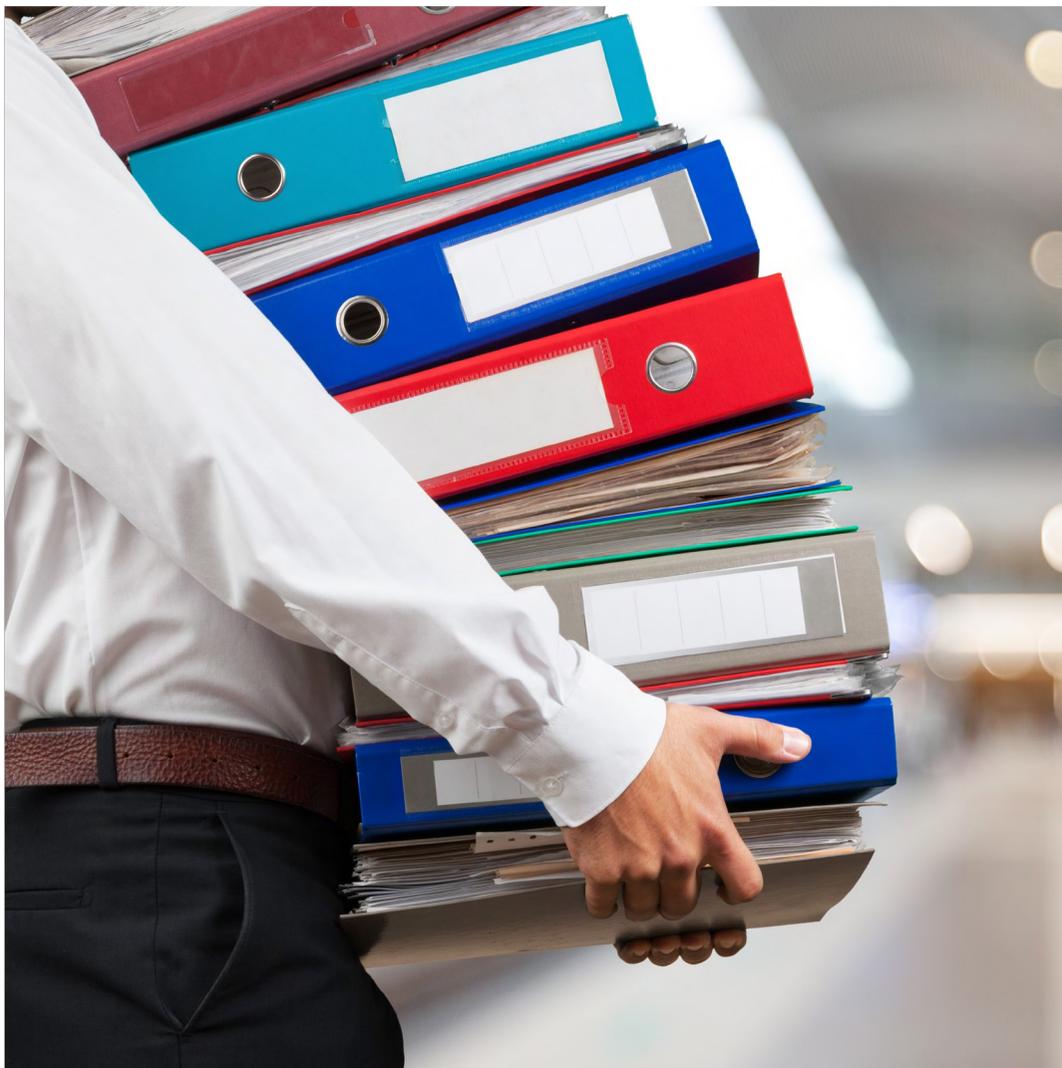
If you see these maladies reflected in your consolidation process, they're not insurmountable. All it takes is a little automation. In fact, 88% of companies that automate their close meet the coveted benchmark of closing in under six days.



*88% of companies that automate their close meet the coveted benchmark of closing in under six days.*

## Cost 1: Financial statement errors

*Misstatements chip away at essential foundations: FTE time, money, and reputation. Are you willing to incur these costs?*



Consolidated performance reports are essential for Sales, Supply chain and Finance Directors but misstatements in the numbers can lead to a loss of confidence at best and poor decisions at worst.

**From evolving reporting requirements to currency translations, sub-group to group, child to parent company, one accounting system to the next: the chance for errors and misstatements is high. Even more so when completed in uncontrolled spreadsheets or using data that's collected by hand.**

Take account reconciliation for example, a close process that's especially vulnerable to error. Account reconciliation is an essential vetting process going into the close. And yet, when executed manually in spreadsheets, account or balance sheet reconciliation is akin to gold panning. There you are, standing knee-deep in a cold glacial stream of accounts, sifting through line items for erroneous, fraudulent or irreconcilable transactions, one pan, one number at a time. The same goes for other processes under the umbrella of consolidation and close, whether that occurs during data collection, calculation, reconciliation, or roll up.

The consolidation process is onerous at best, and massively erroneous at worst. It's risky. It makes audits incredibly difficult. After all, it's pretty easy to gloss over an out-of-place figure when you're spreadsheet-blind after a day spent zoomed in at 150% in Excel.

Four cost drains of legacy consolidation systems

## Cost 2: Human resources consumed by menial tasks

The cost of human resources swallowed by a legacy consolidation system is layered like an onion.

First, there's the factory finance teams and finance managers who submit financial and operational data in systems, spreadsheets and emails.

Then there's the group finance teams who need to validate and check the financial and operational submissions, and sniff out discrepancies.

After that we have the systems managers, the people who look after the various spreadsheet models and the IT teams who all support the process.

The president of IT consulting firm, Resolute Technology Solutions, Rod De Vos, sums up the impact,

**"As a company expands the growing numbers of accounts and entities are amplified, organisational complexity all increase the probability of errors and risk". Without automated systems, these issues must be addressed by an ever-increasing headcount. And usually, until the urgent need for staff is addressed, individual workloads and stress will increase resulting in a suboptimal work environment."**

Ultimately, the more you automate, the more your staff is freed up to focus on mission-critical, value-driven aspects of their job. Finance can focus on analysis and reporting. IT can focus on maintaining critical networks and assisting operational units. For those with legacy systems, tweaking the software code to include automation or new capabilities only adds to the burden on both departments.

*The only real path forward is an entirely new one.*

See how optimising human resources means more time spent on analysis in *Five paybacks of CCH Tagetik's consolidation and close solution for manufacturing organisations*.



Discover part 2 of our manufacturing consolidation series:  
**Five paybacks of CCH Tagetik's consolidation and close solution for manufacturing organisations →**



Four cost drains of legacy consolidation systems

## Cost 3: Data-less decision-making

“Drive strategy!” “Tell us what’s going to happen next!” “What are the risks of this initiative?” “How should we proceed?”

The C-suite of today’s manufacturing businesses need Finance to be a strategic partner to the business. At the same time, Finance is still learning to juggle its other new roles as data steward, data interpreter and data prophet.

Yet, if you can’t be confident in your consolidation, how will you ever be confident in your analytics, reporting, or recommendations?



Part 1 of our manufacturing consolidation series

*Consolidation and close are the foundation that all other financial processes branch out from.*

Consolidation and close are the foundation that all other financial processes branch out from. A lagging, isolated, poorly systematised system eats away at the success and impact of all other processes, including decision-making.

Manufacturing businesses are reliant on operational KPIs to help examine the underlying drivers of performance. This information, much like the financials, needs to be consolidated – it also needs to be analysed, sliced and diced to get better visibility of different aspects of the business.

According to an FSN report on the Future of Financial Analytics, only 14% of companies consider their analytic efforts to be insightful, i.e., an analytics mindset pervades everything an organisation does. The remaining 86% characterised their analytic capabilities as subpar.

At its core, close and consolidation is a data management issue. Implicitly, it’s a large part of the analytics problem. Without integrating the consolidation and close process into the rest of the financial management mix, you’ll continue to experience data management issues that hinder your ability to trust your data, your reports, and your decisions.

Read how data-driven decisions help Finance to become a strategic advisor in *From a legacy manufacturing consolidation and close process to CCH Tagetik*

Explore part 3 of our manufacturing consolidation series:  
**From a legacy manufacturing consolidation and close process to CCH Tagetik** →

## Cost 4: Bound to the factory floor in a virtual world

The post-COVID world is more virtual than ever. In an instant we've been forced to work from our homes and move entire enterprises online. The digitisation of finance had long been touted as an incoming trend, but the pandemic pushed it through to an urgent red-light action item. After all, if we cannot access our financial systems remotely, how can we possibly complete our financial processes?

**Ventana Research recommends that companies digitise their close BEFORE ANYTHING ELSE because of its pivotal role in the accounting cycle and to avoid disrupting the entire financial management system.**

“Software can manage the checklists that guide the close, ensuring all steps in the process are performed as they should be and in the proper order. Tasks can be assigned to specific accounting team members letting them know their assignments and due dates, while alerting managers when tasks are overdue.”

Finance business partners can stay connected to ordering systems, supply chain and S&OP data from anywhere – and provide guidance to the business in an instant.

The benefits go on. Software can electronically manage the paper trail of attachments, review notes, signoffs, and comments. Electronic file boxes of all consolidated materials and data changes make for less arduous and faster audits.

While the future remains up in the air, one thing is for certain: critical, repetitive processes, like consolidation and close, must be virtualised if for nothing else other than the safety and well-being of your finance staff.

*Electronic file boxes of all consolidated materials and data changes make for less arduous and faster audits.*





Closing thoughts:

**If the impacts of a legacy consolidation process could be boiled down to a single phrase, it would be “cha-ching.” People costs. Resource costs. IT costs. Time costs. Of course, the costs don’t end with those we’ve broken down in this whitepaper. These costs have longtails that snake into every aspect of financial management.**

Disjointed consolidation processes muddy the regulatory compliance waters where mixing calculations and methods becomes a dangerous trust game — can you be sure your figures and your subsidiaries are prepped like-for-like? Can you be confident information is gathered accurately?

Large companies with subsidiaries that cross borders also have to deal with currency matching and fluctuating interest rates which require updates so constant, final figures are always behind.

We could go on, but the point has been made; legacy consolidation systems are costing you more than the comfort of using them is worth. It’s time for the office of finance to evolve from the bottom-up. Only then can finance meet their potential as a strategy-driving, data-centred, forward-thinking department that decision-makers rely on.

While we all have an eye on alluring technologies — like predictive analytics and forecasting — we must remember that, to use these technologies, you must first have a firm foundation of consolidated data. And that’s precisely what automated consolidation and close promises.

**An accelerated process that streamlines corporate data and allows Finance to do what they do best: understand the numbers.**

Request a callback to discuss your consolidation and close evolution →



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**Visit our manufacturing consolidation and close hub →**

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#### About AIS

For over 20 years, AIS has helped businesses drive digital finance strategies and develop digital skills within their business teams. Working in partnership with Wolters Kluwers, AIS supply, implement and maintain CCH Tagetik – the digital platform to help businesses optimise their digital strategies for finance and sustainability reporting.

For more information, visit  
[www.ais-consulting.co.uk](http://www.ais-consulting.co.uk)



#### About Wolters Kluwer

Wolters Kluwer (WKL) is a global leader in professional information, software solutions, and services for the healthcare; tax and accounting; governance, risk and compliance; and legal and regulatory sectors. We help our customers make critical decisions every day by providing expert solutions that combine deep domain knowledge with technology and services. Wolters Kluwer reported 2020 annual revenues of €4.6 billion. The group serves customers in over 180 countries, maintains operations in over 40 countries, and employs approximately 19,200 people worldwide. The company is headquartered in Alphen aan den Rijn, the Netherlands. Wolters Kluwer shares are listed on Euronext Amsterdam (WKL) and are included in the AEX and Euronext 100 indices. Wolters Kluwer has a sponsored Level 1 American Depositary Receipt (ADR) program. The ADRs are traded on the over-the-counter market in the U.S. (WTKWY).



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